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10/532,968	11/17/2005	John Edward Schoen	E3331.0662	9100

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EXAMINER
BAIRD, EDWARD J

ART UNIT	PAPER NUMBER
3693	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

	Application No.	Applicant(s)
	10/532,968	SCHOEN ET AL.
Office Action Summary	Examiner	Art Unit	
	Ed Baird	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) ☒ Responsive to communication(s) filed on <u>27 April 2005</u>.
2a) ☐ This action is **FINAL**.   2b) ☒ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) ☒ Claim(s) <u>1-44</u> is/are pending in the application.
   4a) Of the above claim(s) _____ is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☒ Claim(s) <u>1-44</u> is/are rejected.
7) ☒ Claim(s) <u>8, 17, 26, and 38</u> is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) ☐ The specification is objected to by the Examiner.
10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
    a) ☐ All   b) ☐ Some * c) ☐ None of:
       1. ☐ Certified copies of the priority documents have been received.
       2. ☐ Certified copies of the priority documents have been received in Application No. _____.
       3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
   Paper No(s)/Mail Date <u>27 April 2005, 19 January 2006</u>.

4) ☐ Interview Summary (PTO-413)
   Paper No(s)/Mail Date. _____
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Claims 1 – 44 are pending in this application. Claims 1 – 44 are rejected under 35
U.S.C. 112, 2nd paragraph, 101, and 103(a).

Specification

1.   Applicant cooperation is requested in correcting any error of which applicant may
become aware in the specification.

Claim Objections

2.   **Claims 8 and 38** are objected to because of the following informalities: "a participants
credit limits" should be written "a participant's credit limits" (add apostrophe). Appropriate
correction is required.

3.   **Claim 17** is objected to because of the following informalities: "the participants credit
limit messages" should be written "the participants' credit limit messages" (add apostrophe).
Appropriate correction is required.

4.   **Claim 26** is objected to because of the following informalities: the term "to renewal
automatically credit limits submitted to the system for a previous auction" should probably read
"to automatically renew credit limits submitted to the system for a previous auction".

Claim Rejections - 35 USC § 112

5.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6.   Claims 3, 4, 6, 20, 21, 26, 28, 29, 32, 33, 34, 36 and 43 are rejected under 35

U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and

distinctly claim the subject matter which applicant regards as the invention.

7.   **Claims 3 and 4** recite the limitation "not accepted by the system". There is insufficient

antecedent basis for this limitation in the claim.

        For purposes of examination, the term "not accepted by the system" will be interpreted to

read as "not accepted". Appropriate correction is required.

8.   Regarding **claim 6,** the term "within approximately one minute" renders the claim

indefinite because it is unclear what time frame "approximately" means.

        For the purposes of examination, the claim will be interpreted as not further limiting.

Appropriate correction is required.

9.   Regarding **claims 20 and 28,** the term "short time" renders the claim indefinite because

it is unclear what time frame "short time" means.

        For the purposes of examination, the claim will be interpreted as not further limiting.

Appropriate correction is required.

10.   Regarding **claims 21 and 29,** the terms "approximately a / one minute or less" render

the claims indefinite because it is unclear what time frame "approximately" means.

        For the purposes of examination, the claim will be interpreted as not further limiting.

Appropriate correction is required.

11.   Regarding **claim 26,** the term "to renewal automatically credit limits submitted to the

system for a previous auction" does not make grammatical sense.

For the purposes of examination, the term will be interpreted to read "to automatically renew credit limits submitted to the system for a previous auction". Appropriate correction is required.

12.   **Claim 32** violates the infringement rule in that one can infringe on the dependent claim (the computer program product described in claim 32) while not infringing on the independent claim (the method described in claim 1).

For the purposes of interpretation, Examiner interprets claims to read as: "The ~~computer program product~~ **method** having computer code . . . to perform the method of claim 1". Appropriate correction is required.

13.   **Claims 33 and 34** recite the limitation "to be rejected by the system". There is insufficient antecedent basis for this limitation in the claim.

For purposes of examination, the term "to be rejected by the system" will be interpreted to read as "to be rejected". Appropriate correction is required.

14.   Regarding **claim 36**, the term "within approximately one minute of completion of the auction" renders the claims indefinite because it is unclear what time frame "approximately" means.

The claim is also rejected because the limitation "to be notified of unused credit <u>within approximately one minute</u> of completion of the auction" conflicts with "to be notified of unused credit <u>immediately after</u> the auction is completed" in claim 35, the claim upon which it depends. For the purposes of examination, the claim will be interpreted as not further limiting. Appropriate correction is required.

15.   **Claim 43** depends upon "claim 419", which does not exist.

For purposes of interpretation, "claim 419" will be interpreted as "claim 41". Appropriate correction is required.

Claim Rejections - 35 USC § 101

16.   35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

17.   Claims 1 – 13, and 32 – 44 are directed to non-statutory subject matter.

18.   **Claims 1 – 13 and 44** are rejected under 35 U.S.C. 101 because, in order to comply with §101 a method must (1) be tied to another statutory class of invention (such as a particular apparatus or system for performance of the claimed process) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.

The method recited in the claims fails to (1) be tied to another statutory class of invention or (2) transform underlying subject matter to a different state or thing. Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972). There is no recitation within the claims to indicate that the steps that comprise the method are nothing but mental steps performed within the mind of a person.

19.   **Claims 32 – 43** are rejected under 35 U.S.C. 101 because the Examiner can not determine whether the Applicant is claiming an apparatus/ product (i.e. computer program product) or a method (method of claim 1). If the Applicant is claiming an apparatus/ product, the product must be described in the claim language. Appropriate correction is required.

Claim Rejections - 35 USC § 103

20.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in
> section 102 of this title, if the differences between the subject matter sought to be patented and the prior art
> are such that the subject matter as a whole would have been obvious at the time the invention was made to
> a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be
> negatived by the manner in which the invention was made.

21.   Claims 1 – 5, 8 – 15, 17, 18, 23, 24, 26, 31 – 34, and 39 – 43 are rejected under 35

U.S.C. 103(a) as being unpatentable over **May** (USPub. No. 2007/0239591).

22.   Regarding **claims 1, 14, 23 and 32, May** teaches:

- notifying potential participants of an auction time [see at least 0328 – Examiner notes

   a *predetermined time-limit* as indicative of Applicant's **auction time**];

- receiving from participants orders related to the auction [see at least 0097];

- receiving from participants credit limits for execution of orders input by the

participants with other participants [see at least 0059, 0060 and 0103, 0328];

- conducting the auction at the time notified to the participants by matching the orders

received [see at least 0281, 0286];

- notifying the owners of matched orders [see at least 0097]; and

- notifying the participants of credit allocated to the auction but not used in matched

orders [see at least 0327 – 0329 – Examiner notes that *credit preference screening* as

indicative of Applicant's **notifying the participants of credit allocated**].

   May does not specifically apply his discloser to trading fungible instruments. However,

May does utilize his systems and methods for trading of financial instruments [0002] including

equities and foreign currencies [0003]. Equities and foreign currencies are considered fungible

in that they are interchangeable.

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **May's** disclosure to apply his systems and methods to fungible instruments because it can be applied to various types of fungible securities including equities, foreign currencies and derivatives [**May** 0003].

23.   Regarding **claims 2 and 15, May** teaches orders which are matched on the basis of credit and price [see at least 0099 – 0101].

24.   Regarding **claim 3, May** teaches orders receiving less than a predetermined time before the auction as not being accepted [see at least 0328].

25.   Regarding **claim 4, May** teaches credit limit allocations receiving less than a predetermined time before the auction are not accepted by the system [see at least 0334].

26.   Regarding **claim 5, May** teaches participants being notified of unused credit immediately after the auction is completed [see at least 0103].

27.   Regarding **claims 8 and 17, May** teaches automatically renewing a participants credit limits for future auctions on request from that participant [see at least 0103 and 0108 – Examiner notes that *frequently requested data* include Applicant's updated participants credit limits].

28.   Regarding **claim 9 – 11 and 39 – 41, May** teaches receiving credit limits for use in matching orders between other participants lacking bilateral credit, identifying other participants whose credit limits may be used to match orders entered by the participants, and using the credit of an intermediary having bilateral credit with the participants submitting the matched orders [see at least 0185 – 0188]. Examiner notes credit groups as inclusive of Applicant's intermediary.

29.   **Claims 12 and 13** are substantially similar to claim 11, the claim upon which they depend and are thus, rejected for the same reasons.

30.   Regarding **claims 18, May** teaches notification of matched order messages being sent
to a participant deal feed client via a deal feed server [see at least 0011 - Examiner interprets
client/server model as indicative of Applicant's **deal feed client and deal feed server;** also see
0097, 0374].

31.   Regarding **claim 24, May** teaches the deal notified comprising a deal feed server [see at
least 0011, 0097, and 0374].

32.   Regarding **claim 26, May** teaches instructing the trading system to automatically renew
credit limits submitted to the system for a previous auction. **May** discloses the central
processing center including a settlement module and a market inventory module [0097]. The
market inventory module holds the passive orders for each market and broadcast the same to
the trader workstations when new orders are received, validates any proposed trade, and
performs a second and final credit preference check. Examiner interprets *validating proposed
trades and performing additional credit checks* as indicative of Applicant's automatically
renewing credit limits submitted to the system for a previous auction.

33.   Regarding **claim 31, May** teaches storing credit limits from a plurality of prime broker
participants and the matching engine matches orders between participants using credit from a
chain of two or more prime brokers, as discussed in the rejections of claims 9 – 11 above [see
at least 0185 – 0188].

34.   Regarding **claim 33, May** teaches time limits on bidding [see at least 0328].

35.   Regarding **claim 34, May** teaches credit limit allocations received less than a
predetermined time before the auction to be rejected [see at least 0328, 0329].

36.   **Claims 42 and 43** are product claims parallel to method claims 12 and 13, respectively,
and are thus, rejected for the same reasons.

37.   Claims 6, 20, 21, 28, 29, 35, 36, and 44 are rejected under 35 U.S.C. 103(a) as being

unpatentable over **May** in view of **Official Notice**.

38.   Regarding **claim 6, May** does not specifically teach participants being notified of unused

credit approximately one minute after the auction is completed. However, Examiner takes

Official Notice that such a computer automated systems and methods of electronic trading as

presented by **May** are capable of occurring within seconds of transactions being processed.

Examiner notes that May's uses an exemplary period of time of 15 seconds in the over-ride

process [see at least 0222], and accomplishing transactions in "real-time" [0286]. It would have

been obvious to one having ordinary skill in art at the time of **May's** disclosure to include

notifications approximately one minute after completion of the auction because electronic

trading systems were described according to such time parameters.

39.   **Claims 20 and 21** are substantially similar to claim 6 and are thus rejected for the same

reasons.

40.   **Claims 28 and 29** are system claims parallel to method claims 20 and 21, respectively,

and are thus rejected for the same reasons.

41.   **Claim 35** is a product claim parallel to system claim 28, and is thus rejected for the

same reasons.

42.   **Claim 36** is not further limiting to claim 35, the claim upon which it depends (as

discussed in 112, 2nd paragraph rejection above), and is therefore rejected for the same

reasons.

43.   **Claim 44** is substantially similar to claim 1 with added limitations. **May** teaches:

- fixing benchmarks for the instrument to be traded at intervals, and;

- receiving from participants orders to trade at a benchmark price [see at least 0289 – 0292];

May teaches trading benchmark issues on a monthly basis based on issuing of U.S. Treasury securities. **May** does not disclose intervals during the trading day. Examiner takes **Official Notice** that one having ordinary skill in the art at the time of May's disclosure would use trading intervals during the course of a day because such a method, if automated using a computerized system, would allow trading of benchmark securities over the course of a day as market conditions change.

44.   Claim 19, 22, 27, and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in view of **Keith** (USPub. No. 2002/0091617).

45.   Regarding **claims 19 and 27**, **May** does not explicitly disclose submitting **limit orders**.

However, **Keith** discloses trading processes which interact with each other and with external markets [Abstract]. He further describes the use of limit orders in his invention [0061] and the concept of a centralized limit order book (CLOB) for monitoring such [0314].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **May's** disclosure to use limit orders as taught by **Keith** because it provides a means of purchasing a security and limiting the price [**Keith** 0061].

46.   Regarding **claims 22 and 30**, **May** does not explicitly disclose receiving messages at the computerized trading system notifying the system of credit limits for use in providing bilateral credit for trades between third parties where no bilateral credit exists between the third parties.

However, **Keith** discloses general purpose computer or network of computers programmed in accordance with his trading processes and functions as a platform for allowing

electronic liquidity finder (ELF) programs and **umpire programs** to interact [0041]. He further

describes an order umpire program which is coupled to exchange through mirror ELF program

that serves to pass messages between exchange and umpire. Order umpire program is also

connected to external point for reporting trades as appropriate, to an external point not coupled

via a mirror ELF [0051]. He further discloses service umpires which may perform credit

checking, certification and/or clearing [0154]. Examiner interprets umpires, *service umpires* in

particular, as analogous to Applicant's **third party** for tracking credit limits and providing

bilateral credit between third parties. Also, message transmission between parties is inherent in

Keith's process.

Therefore, it would have been obvious to a person having an ordinary skill in the art at

the time of the **May's** disclosure to use umpires in notification of credit limits for use in providing

bilateral credit for trades between third parties as taught by **Keith** because umpires can

aggregate and analyze data from a variety of sources and continuously produce the results of

such analysis for a user [**Keith** 0152].

47.   Claims 7, 16, 25, and 37 are rejected under 35 U.S.C. 103(a) as being unpatentable

over **May** in view of **Bansal et al** (USPub. No. 2003/0009421) and **Official Notice**.

48.   Regarding **claims 7, 16, 25 and 37, May** does not explicitly disclose auction

administrator including a message broadcaster for broadcasting to potential participants, the

auction time, the type of instrument to be auctioned and the minimum order size.

However, **Bansal** discloses a method, system and computer program product for online

negotiations and transactions for electronic commerce [Abstract]. He further discloses online

market intermediary initiates the online auction by announcing the auction on the web site

and/or sending messages to potential bidders [0154]. The *online market intermediary* also

declares the seller's credentials, which may include the specification of the risk class to which

the seller belongs (and optionally, the corresponding risk premium charge), specification of the

currency in which the seller would transact etc. [0154]. Although **Bansal** does not explicitly

disclose the auction time, the type of instrument to be auctioned and the minimum order size,

Examiner takes **Official Notice** that these parameters would be important to specify when

announcing an auction for fungible goods, in particular financial instruments. Examiner

interprets *online market intermediary* as analogous to Applicant's **auction administrator and

message broadcaster.**

Therefore, it would have been obvious to a person having an ordinary skill in the art at

the time of the **May's** disclosure to use **auction administrator and message broadcaster** as

taught by **Bansal** because it makes the system more efficient and allows qualified potential

bidders to be notified of upcoming auctions.

49.   Claim 38 is rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in view of

Kitchen et al (USPub. No. 2003/0018561).

50.   Regarding **claim 38, May** does not explicitly disclose automatically renewing a

participant's credit limits for future auctions on request from that participant.

However, **Kitchen** discloses a method and system for a party to buy and sell goods

and/or services from and to a plurality of counterparties over a computer network [Abstract]. He

further discloses updating a Counterparty's credit exposure at the end of a trading session and

establishing new credit limits the next trading session [0132].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the **May's** disclosure to update a Counterparty's credit exposure at the end of a trading session and establish new credit limits as taught by **Kitchen** because it allows credit exposure of a particular Counterparty to be properly monitored and avoids incurring excessive credit exposure [**Kitchen** 0132].

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ed Baird whose telephone number is (571)270-3330. The examiner can normally be reached on Monday - Thursday 7:30 am - 5:00 pm Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jay Kramer can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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